

Truth in Lending Home Equity Lines of Credit		YES	NO
1.	Does the institution offer home equity lines of credit?	_____	_____
	If yes, answer the following questions:		
2.	Does the institution deliver the home equity brochure or a suitable substitute at the time the application is provided to the consumer or within three business days of receiving an application in the case of publication, telephone or third party application requests?	_____	_____
3.	Does the institution furnish, on or with the HELC application or within three business days for publication, telephone or third party applications:		
a.	A statement that the consumer should retain a copy of the disclosures (provided it is not in a form he can keep)? (226.5b(d)(1))	_____	_____
b.	The time which an application must be submitted to obtain the specific disclosure terms? (226.5b(d)(2)(i))	_____	_____
c.	An identification of any disclosed term that is subject to change before the plan opens? (226.5b(d)(2)(i))	_____	_____
d.	The fact that the consumer may receive a refund of all fees if the consumer elects not to enter into the plan due to a change in terms before the agreement is final (other than index fluctuations in a variable-rate plan)? (226.5b(d)(2)(ii))	_____	_____
e.	The fact that the consumer's dwelling secures the HELC and in case of default, the loss of the dwelling may occur? (226.5b(d)(3))	_____	_____
f.	The creditor's rights under certain conditions to terminate the plan, require immediate repayment and impose fees upon termination, prohibit additional extensions of credit, reduce the credit limit and implement changes in the plan as specified in the initial agreement? (226.5b(d)(4)(i))	_____	_____
g.	A statement that the consumer may receive, on request, the conditions that might trigger the actions listed under 3.f. above?	_____	_____
h.	The payment terms (if terms for the draw and repayment period are different, the terms for each must be disclosed) including:		
	The length of the draw and any repayment period?	_____	_____
	An explanation of how the minimum periodic payment will be computed?	_____	_____
	The timing of periodic payments?	_____	_____
	Whether a balloon payment may or will result?	_____	_____

A \$10,000 example using a recent APR showing the minimum periodic payment?

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Any balloon payment and the time to pay off the balance?  
(226.5b(d)(5))

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- i. For fixed-rate HELCs, the recent corresponding APR and a disclosure that the APR does not include costs other than interest?  
(226.5b(d)(6))

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<b>Truth in Lending Home Equity Lines of Credit (continued)</b>		<b>YES</b>	<b>NO</b>
j.	An itemization of fees imposed by the institution (in dollars or percentage) to open, use or maintain the plan and when the fees are payable? (226.5b(d)(7))	_____	_____
k.	A good faith estimate of any fees that might be imposed by third parties to open the account? (226.5b(d)(8))	_____	_____
l.	A statement that the consumer may receive, on request and as soon as reasonably possible, a good faith itemization of third party fees? (226.5b(d)(8))	_____	_____
m.	A statement that negative amortization might occur? (226.5b(d)(9))	_____	_____
n.	Transaction requirements under the plan including limitations on the number of advances that may be obtained during any time period, or on the amount of credit that may be obtained during any time period, and minimum outstanding balance or draw requirements? (226.5b(d)(10))	_____	_____
o.	A statement that the consumer should consult a tax advisor? (226.5b(d)(11))	_____	_____
p.	For variable-rate HELCs, the following: (226.5b(d)(12))		
	That the APR, payment or term may change?	_____	_____
	That the APR excludes costs other than interest?	_____	_____
	Identification and source of the index used?	_____	_____
	How the rate will be determined?	_____	_____
	That the consumer should ask about current index value, margin, discount or premium, and annual percentage rate?	_____	_____
	That the initial APR is not based on the index and margin used to make later rate adjustments, and the period of time the initial APR will be in effect?	_____	_____
	The frequency of APR changes?	_____	_____
	Rules relating to changes in the index value and APR and resulting changes in the payment amount?	_____	_____
	The limitations of APR changes?	_____	_____
	Minimum periodic payment requirements?	_____	_____
	A 15-year historical table?	_____	_____
	That rate information will be provided with the periodic statement?	_____	_____

<b>Truth in Lending Home Equity Lines of Credit (continued)</b>		<b>YES</b>	<b>NO</b>
4.	Does the institution collect only refundable fees from the consumer before the end of the three business days after the consumer receives the disclosures and brochure (or six days from the date of mailing, if mailed)? (226.5b(h))	_____	_____
5.	Does the institution refund any fees that it collects from the consumer if the consumer rejects the plan within three business days after receiving the disclosures (even if there is no change in the disclosed items)? (226.5b(h))	_____	_____
6.	Does the institution refund all fees when a consumer rejects the plan because a disclosed term changes (other than a change due to fluctuation in the index) before the plan is opened? (226.5b(g))	_____	_____
7.	Is the institution providing, with the traditional open-end credit disclosures given before the first transaction, the following written disclosures:		
a.	Notification of the conditions which may:		
	Terminate the plan	_____	_____
	Require immediate repayment and impose fees for termination	_____	_____
	Prohibit additional extensions of credit	_____	_____
	Reduce the credit limit, and	_____	_____
	Implement certain changes in the plan as specified in the initial agreement? (226.6(e)(1))	_____	_____
b.	The payment terms such as the length of the draw and any repayment period, an explanation of how the minimum periodic payment will be computed, the timing of the periodic payments and if a balloon payment may or will result? (226.6(e)(2))	_____	_____
c.	A statement that negative amortization might occur? (226.6(e)(3))	_____	_____
d.	A statement of any transaction requirements under the plan? (226.6(e)(4))	_____	_____
e.	A statement that the consumer should consult a tax advisor? (226.6(e)(5))	_____	_____
f.	A statement that the APR does not include costs other than interest? (226.6(e)(6))	_____	_____
g.	A \$10,000 example (if not already provided to the consumer to keep) using a recent APR showing the minimum periodic payment, any balloon payment, and the time to pay off the balance? (226.6(e)(7))	_____	_____

**Truth in Lending Home Equity Lines of Credit (continued)****YES****NO**

- h. For variable-rate HELCs, the rules relating to changes in the index, APR, and payment amount including limitations, negative amortizations and carryover; a statement that rate information will be provided on or with each periodic statement and (if not already provided to the consumer to keep) the minimum payment required when the maximum APR is in effect for a \$10,000 balance, when the maximum APR may be imposed and a 15-year historical table? (226.6(e)(7))

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8. Does the institution:

*NOTE: Whether or not the initial agreement requires a repayment, if during the draw period the consumer subsequently enters into an agreement to repay the principal balance, the new agreement is closed-end credit and not subject to the limitations below if the amount of available credit will not be replenished as the principal balance is repaid. Also, if the initial contract does not call for a repayment period, any later closed-end credit contract to pay off the outstanding HELC balance is not subject to these limitations.*

- a. Base changes in the APR on an index that is available to the public and not under the institution's control for a variable-rate HELC? (226.5b(f)(1))

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- b. Not terminate an account and demand payment, in advance of the original term, for repayment of the balance unless:

There is fraud or material misrepresentation

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\_\_\_\_\_

Failure to meet the repayment terms of the plan, or

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The consumer takes actions or fails to act in a manner that adversely affects the institution's security for the plan or any right in the security? (226.5b(f)(2))

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- c. Not change the account terms after the agreement has been entered into, unless: (226.5b(f)(3)(i)-(v))

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The institution is permitted to terminate the account?

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The change will unequivocally benefit the consumer?

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A specified change occurs when a specific event takes place, as provided in the initial agreement?

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The index or margin is changed because the original index is no longer available?

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The consumer specifically agrees to a certain change in writing at the time of the change?

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**Truth in Lending Home Equity Lines of Credit (continued)****YES****NO**

The change is insignificant?

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- d. Not reduce the credit limit and not prohibit additional extensions of credit, except temporarily, under any of the following circumstances: (226.5b(f)(3)(vi))

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When the institution is permitted to terminate the account?

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When the value of the dwelling securing the plan declines significantly (consumer's unencumbered equity declines by 50% or more)?

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When the consumer's financial circumstances change materially?

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When the consumer defaults on any material obligation under the agreement?

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When government action restricts an APR increase?

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When the institution's security interest is adversely affected due to government action and the security value is less than 120% of the credit line?

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When the institution is notified by a regulatory agency that continued advances constitute an unsafe and unsound practice?

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When the maximum APR is reached?

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9. Does the institution mail or deliver written notice of adverse action to the consumer within three business days of reducing the consumer's credit limit or freezing the account? (226.9(c)(3))

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- a. If the adverse action notice requires the consumer to request reinstatement of the line, does the institution respond appropriately when the consumer makes such a request?
- b. If the adverse action notice does not require the consumer to request reinstatement of the line, does the institution respond appropriately when the conditions which caused the reduction in the credit limit or freezing of the account no longer exist?

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10. Does the institution's HELC advertising include any:

- a. Triggering terms, and if so, does the ad include information on any loan fee that is: a percentage of the credit limit; any fees for opening the plan (stated as a single dollar amount or range); the annual percentage rate or rates; the highest APR if the plan has a variable rate; any minimum, fixed, activity or transaction charges; and, any membership fee? (226.16(d)(1) and 226.16(b))

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**Truth in Lending Home Equity Lines of Credit (continued)****YES****NO**

b. Discounted rate, and if so, does the ad state how long the rate will be in effect and state a reasonably current, fully indexed rate with equal prominence? (226.16(d)(2))

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c. Minimum periodic payment, and if so, does the ad disclose that a balloon payment may result, if applicable? (226.16(d)(3))

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d. Reference to tax deductibility, and if so, is the ad not misleading? (226.16(d)(4))

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11. Does the institution refrain from using misleading terms, such as referring to HELCs as free money in its advertising? (226.16(d)(5))

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